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Reps. Wally Herger and Kendrick Meek Join Grassroots Leaders in Rallying Support for 3% Withholding Repeal Legislation

(WASHINGTON, D.C.) - U.S. Representatives Wally Herger (R, CA) and Kendrick Meek (D, FL) today joined the National Association of Counties and the Government Withholding Relief Coalition, a group of over 50 private sector associations representing thousands of U.S. businesses, in rallying support for H.R. 1023, the Withholding Tax Relief Act of 2007. Rep. Meek and Herger's legislation, which has over 150 cosponsors, would repeal Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005. Herger and Meek made the following comments regarding their ongoing efforts:

"Three percent withholding simply isn't fair," Congressman Wally Herger stated. "It makes the already difficult job of paying taxes more costly and burdensome to the vast majority of taxpayers who are already paying their fair-share and on-time. It is nothing short of amazing that our repeal legislation has already passed the 150 cosponsor mark. We have really thrown open the doors on this issue thanks to the grassroots and door-to-door work of the Government Withholding Relief Coalition and its member associations. I look forward to continuing to work for passage."

"Section 511 unfairly burdens our cities, counties and urban centers where many people living below the poverty line reside," said Congressman Kendrick B. Meek. "If Section 511 is not repealed, the poor will be further squeezed as the increased cost of future procurement contracts will be passed on to the neediest people, while services and day-to-day operations may be jeopardized too. Small businesses and companies pursuing government contracts, many of whom operate on tight margins or irregular cash flows, would be adversely affected by this withholding tax. It could also discourage vendors from bidding on government contracts, reducing competition and increasing prices."

By way of background, Section 511 requires all levels of government with more than \$100 million in annual procurement to withhold 3% of the payment for most goods and services procured by that governmental entity. The sweeping and unfunded mandate imposes massive administrative and financial burdens on local governments as they will have to retool their accounts payable systems to implement the new law. This requirement will also sap cash flows needed for day-to-day, private sector business operations and force some companies to alter their business models and pricing schemes when dealing with government customers.

For more information, please visit <http://www.house.gov/herger> on the Internet!